

STATE OF NEBRASKA

DEPARTMENT OF INSURANCE

L. Tim Wagner

Director



Dave Heineman
Governor

NEWS RELEASE

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FOR MORE INFORMATION:

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NEBRASKA DEPARTMENT OF INSURANCE ANNOUNCES APPROVAL OF HIGH-RISK POOL RATE ADJUSTMENT

The Nebraska Department of Insurance announced today that it has approved the recommendation of the Nebraska Comprehensive Health Insurance Pool (CHIP) Board of Directors to increase the high-risk pool rates by 23.5 percent. The new rates take effect October 1.

CHIP provides individuals the opportunity to purchase health insurance coverage in instances where they cannot obtain coverage in the commercial market due to their health status or their ineligibility for Medicaid. CHIP policies are generally more expensive than those that can be obtained on the regular market because it is a health insurance plan of last resort.

Tim Wagner, director of the Nebraska Department of Insurance, said, "I approved the recommendation of the CHIP Board after serious consideration of the implications this increase would have on CHIP enrollees. I understand that this increase will be a hardship for many, but when it comes to calculating rates for this program I have a duty to follow the process set in statute."

State statute requires that rates be based on the top five sellers of individual insurance in Nebraska, and is determined by adjusting the rates of the five benchmark plans to match the benefits covered by the CHIP program.

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To perform the review, the CHIP Board engages an independent actuary who determines a rate and rate schedule, and adjusts it to reflect 135 percent of the standard risk rate.

Wagner said, "This program cost Nebraskans nearly \$23 million dollars last year. Rates throughout the health insurance industry have been rising, and this program is not exempt from those increases. Our priority is to maintain the solvency of this program by ensuring the long-term sustainability of this vital safety net for Nebraskans in need. To that end, the CHIP Board has recommended that several alternatives be considered to help address this issue in the years to come."

Current enrollees have several options to help offset the increased cost of the plan. Those who have not increased their benefit deductible have the option to reduce the premium increase by choosing a higher deductible, and health savings accounts may be a good option for some participants.

More information on the health savings account option is available by contacting the administrator, Blue Cross/Blue Shield CHIP Customer Service Center at 402-343-3574 or toll free at (877) 348-4304.